

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

In re:)	
)	Chapter 11
Curae Health, Inc., <i>et al.</i> ¹)	Case No. 18-05665
)	
1721 Midpark Road, Suite C300)	Judge Walker
Knoxville, TN 37921)	
Debtors.)	Jointly Administered

**EXPEDITED MOTION OF DEBTORS FOR ENTRY OF AN ORDER PURSUANT TO
RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE
APPROVING (I) THE AMORY MDOM SETTLEMENT AGREEMENT AND (II) THE
BATESVILLE MDOM SETTLEMENT AGREEMENT**

The above-captioned debtors and debtors in possession (the “**Debtors**”) hereby move (the “**Motion**”) for entry of an order (the “**Order**”) approving (i) the Amory Settlement Agreement annexed to the Order as Exhibit 1 (the “**Amory Settlement Agreement**”) and (ii) the Batesville Settlement Agreement annexed to the Order as Exhibit 2 (the “**Batesville Settlement Agreement**”, together with the Amory Settlement Agreement, the “**MDOM Settlement Agreements**”), pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”). In further support of the Motion, the Debtors, by and through their undersigned counsel, respectfully represent:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

2. The predicates for the relief requested herein are Bankruptcy Rules 2002 and 9019.

PROCEDURAL BACKGROUND

3. On August 24, 2018 (the “**Petition Date**”), each of the Debtors filed a voluntary petition in this Court commencing a case for relief under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”). The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Stephen N. Clapp, Chief Executive Officer of Curae Health, Inc., in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 49] (the “**First Day Declaration**”) and fully incorporated herein by reference.

4. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been requested in the Chapter 11 Cases. On September 6, 2018, the official committee of unsecured creditors (the “**Committee**”) was appointed.

5. On February 13, 2019, the Mississippi Division of Medicaid (“**MDOM**”) filed the *State of Mississippi Division of Medicaid’s Motion to (I) Approve its Administrative Expense, and Compel Payment Thereof, and (II) Upon Any Failure to Pay that the Debtor(s) Be Required to Appear at a Hearing to Show Cause and for the Court to Hear and Consider Whether to Dismiss or Convert the Proceedings* [Docket No. 758] (the “**MDOM Motion**”). The MDOM Motion is fully incorporated herein by reference. In the MDOM Motion, MDOM asserts certain claims, including administrative expense claims, against the Debtors for failure to pay certain statutory obligations to MDOM (“**MDOM Obligations**”). The MDOM Motion is fully incorporated herein by reference.

6. On March 26, 2019, the Debtors and the Committee filed the *Joint Objection of the Debtors and Official Committee of Unsecured Creditors Opposing the State of Mississippi Division of Medicaid's Motion and Joint Cross Motion of the Debtors and Official Committee of Unsecured Creditors Seeking (A) Payment of Actual Damages for the State of Mississippi Division of Medicaid's Willful Violations of the Automatic Stay and (B) Turnover of Estate Funds* [Docket No. 901] (the "**Cross-Motion**"). The Cross-Motion is fully incorporated herein by reference. In the Cross-Motion, Debtors and the Committee assert certain claims against MDOM regarding, *inter alia*, MDOM's failure to pay Mississippi Hospital Access Program ("**MHAP**") payments to the Debtors.

7. On March 26, 2019, ServisFirst Bank ("**ServisFirst**") filed the *Objection of By ServisFirst Bank to the State of Mississippi Division of Medicaid's Motion to (I) Approve its Administrative Expense, and Compel Payment Thereof, and (II) Upon Any Failure to Pay That the Debtors Be Required to Appear at a Hearing to Show Cause and for the Court to Hear and Consider Whether to Dismiss or Convert the Proceedings* [Docket No. 907] (the "**ServisFirst Objection**").

8. On March 26, 2019, CHS/Community Health Systems, Inc. (together with its subsidiaries and affiliates, "**CHS**") filed the *Limited Objection of CHS/Community Health Systems, Inc. to the State of Mississippi Division of Medicaid's Motion to (I) Approve its Administrative Expense, and Compel Payment Thereof, and (II) Upon Any Failure to Pay That the Debtors Be Required to Appear at a Hearing to Show Cause and for the Court to Hear and Consider Whether to Dismiss or Convert the Proceedings* [Docket No. 905] (the "**CHS Objection**").

9. On April 2, 2019, MDOM filed the *Reply of the State of Mississippi Division of Medicaid to Joint Objection of the Debtors and Official Committee of Unsecured Creditors and Objection to Cross-Claim* [Docket No. 919] (the “**MDOM Reply and Objection**”). The MDOM Reply and Objection is fully incorporated herein by reference.

10. On April 5, 2019, North Mississippi Hospital Services, Inc. (“**NMHS**”) filed the *Statement of Interested Party North Mississippi Health Services in Response to the State of Mississippi Department of Medicaid’s Motion* [Docket No. 930] (the “**NMHS Response**”).

11. A hearing on the MDOM Motion and Cross-Motion was set for April 9, 2019 (the “**Hearing**”).

12. Prior to the Hearing, the parties began discussing terms of settlement to resolve the claims asserted in the MDOM Motion and the Cross-Motion.

13. At the Hearing, the parties agreed to adjourn the Hearing to May 9, 2019 (the “**Adjourned Hearing**”) to pursue good-faith settlement negotiations.

14. Following the Hearing, the Debtors, Committee, MDOM, NMHS, and Progressive reached a proposed settlement and resolution of the MDOM Claims (as defined herein) and Estate Claims (as defined herein) as they relate to the Amory Hospital and the Batesville Hospital. The Debtors, Committee, MDOM, and CHS have not yet reached a resolution of their respective claims as they relate to the Clarksdale Hospital, although good-faith settlement negotiations among those parties are ongoing.

FACTUAL BACKGROUND

Amory Hospital

15. On August 31, 2018, the Debtors filed *Debtors’ Motion for Entry of an Order (I) Authorizing and Approving Bidding Procedures for the Sale of Gilmore Medical Center,*

(II) Authorizing the Sale of Gilmore Medical Center Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (III) Approving Stalking Horse Purchaser, Break-up Fee, and Overbid Protections, (IV) Establishing Certain Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (V) Scheduling an Auction, (VI) Scheduling a Hearing and Objections Deadlines With Respect to the Sale of Gilmore Medical Center, (VII) Approving the Form and Manner of Notice Thereof, and (VIII) Granting Related Relief [Docket No. 79] (the “**Amory Procedures Motion**”), seeking to, *inter alia*, sell all, or substantially all, of their assets related to Gilmore Medical Center (the “**Amory Hospital**”).

16. On September 28, 2018, the Bankruptcy Court entered an order on the Amory Procedures Motion (the “**Amory Procedures Order**”) [Docket No. 260] and set a sale hearing for November 27, 2018.

17. On November 30, 2018, the Bankruptcy Court entered an order, *inter alia*, approving the Asset Purchase Agreement for the sale of the Amory Hospital to NMHS (the “**Amory APA**”) and authorizing the Debtors to sell the Amory Hospital to NMHS free and clear of all liens, claims, encumbrances, and other interests [Docket No. 506] (the “**Amory Sale Order**”).

18. Pursuant to the terms of the Amory APA, \$2,000,000.00 of the purchase price was deposited into an escrow account (the “**Amory Escrow Account**”). The Escrow Account constitutes the sole source of satisfaction of any claims which may be asserted by NMHS under the Amory APA.

19. On December 31, 2018, the closing of the sale of the Amory Hospital occurred, with an effective time of 12:01 a.m. on January 1, 2019 (the “**Effective Time**”).

20. Pursuant to the terms of the Amory APA, Debtors are required to indemnify NMHS for any losses arising out of any Excluded Liabilities (as defined in the Amory APA). Excluded Liabilities under the Amory APA include any liabilities related to the ownership or operation of the Amory Hospital prior to the Effective Time.

21. NMHS asserts the MDOM Obligations that came due in 2018 relate to Debtors' ownership and operation of the Amory Hospital before the Effective Time and are therefore Excluded Liabilities under the Amory APA.

Batesville Hospital

22. On November 6, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing and Approving Bidding Procedures for the Sale of Panola Medical Center, (II) Authorizing the Sale of Panola Medical Center Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (III) Approving Stalking Horse Purchaser, Break-up Fee, and Overbid Protections, (IV) Establishing Certain Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (V) Scheduling an Auction, (VI) Scheduling a Hearing and Objections Deadlines With Respect to the Sale of Panola Medical Center, (VII) Approving the Form and Manner of Notice Thereof, and (VIII) Granting Related Relief* [Docket No. 401] (the “**Batesville Procedures Motion**”), seeking to, *inter alia*, sell all, or substantially all, of their assets related to Panola Medical Center (the “**Batesville Hospital**”).

23. On November 30, 2018, the Bankruptcy Court entered an order on the Batesville Procedures Motion (the “**Batesville Procedures Order**”) [Docket No. 507], approving the Batesville Procedures Motion and setting a sale hearing.

24. On January 22, 2019, the Bankruptcy Court entered an order, *inter alia*, approving the Asset Purchase Agreement for the sale of the Batesville Hospital to Progressive (the

“**Batesville APA**”) and authorizing the Debtors to sell the Batesville Hospital to Progressive free and clear of all liens, claims, encumbrances, and other interests [Docket No. 694] (the “**Batesville Sale Order**”).

25. On March 13, 2019, the Court entered the *Expedited Consent Order (I) Approving the First Amendment to the Panola APA, (II) Authorizing the Debtors to Pay the Purchase Price from the Sale of Panola Medical Center to ServisFirst Bank, (III) Authorizing Certain Releases, and (IV) Granting Related Relief* [Docket No. 876] (the “**Supplemental Sale Order**”).

26. On March 14, 2019, the sale of the Batesville Hospital closed in accordance with the terms set forth in the Supplemental Sale Order, with an effective time of 12:01 a.m. on March 1, 2019.

27. On March 15, 2019, in connection with the Sale of the Batesville Hospital, Progressive mailed a check to MDOM, payable to the order of MDOM, in the amount of \$363,443.09.

Clarksdale Hospital

28. After the Petition Date, the financial performance of the Northwest Mississippi Regional Medical Center (the “**Clarksdale Hospital**”) was significantly worse than forecasted in the Debtor’s budget. On October 12, 2018, Debtors filed the *Expedited Motion for Entry or an Order Authorizing Debtors to: (I)(A) Shut Down the Clarksdale Hospital; (B) Reject Unexpired Leases and Contracts of Clarksdale; and (C) Receive Related Relief; or, in the Alternative; (II)(A) Transfer Operations of the Clarksdale Hospital to a New Operator Free and Clear of any Liens, Claims, or Encumbrances Pursuant to an Operations Transfer Agreement to be Filed with the Court; (B) Assume and Assign the Coahoma County Lease and Certain Other Unexpired*

Leases and Contracts Requested by the New Operator; and (C) Receive Related Relief [Docket No. 314] (the “**Clarksdale Shutdown Motion**”).

29. On December 13, 2018, following extensive negotiations among the Debtors, Coahoma County, Mississippi (the “**County**”), the Official Committee of Unsecured Creditors, the Debtors’ secured creditors, and CHS and multiple hearings on the Clarksdale Shutdown Motion, the Court entered the *Order (I) Authorizing the Debtors to Enter into the Interim Management Services Agreement with Clarksdale HMA, LLC, Coahoma County, and CHS/Community Health Systems, Inc., and (II) Granting Related Relief* [Docket No. 558] (the “**Clarksdale IMSA Order**”), pursuant to which the Court, *inter alia*, approved the Interim Management Services Agreement (the “**IMSA**”). Effective December 16, 2018, Debtors transferred management of the Clarksdale Hospital on an interim basis to CHS to allow the hospital to remain open for the benefit of its community.

30. Pursuant to sections 6.2(d) and (e) of the IMSA, the IMSA may be terminated by CHS, the Debtors, the Committee, Midcap, or ServisFirst after January 25, 2019 if no motion has been filed with the Court pursuant to 11 U.S.C. § 363 seeking approval of a transaction transferring the assets of the Clarksdale Hospital to CHS or another party agreed to by Debtors and the County.

31. On April 23, 2019, Debtors filed the *Debtors’ Expedited Motion for Entry of an Order (I) Authorizing the Sale of Northwest Mississippi Regional Medical Center Free and Clear of all Liens, Claims, Encumbrances and Other Interests, (II) Approving the Clarksdale APA; (III) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* [Docket No. 962] (the “**Clarksdale Sale Motion**”), seeking to, *inter alia*, sell all, or substantially all, of their assets related to the Clarksdale Hospital to CHS.

32. A hearing on the Clarksdale Sale Motion is set for May 9, 2019 at 9:00 a.m.

MDOM Claims

33. As set forth in more detail in the MDOM Motion and the MDOM Reply and Objection, MDOM asserts a claim against Amory for failure to pay MDOM Obligations, interest, and penalties in the amount of \$774,659.52 as of April 1, 2019 (the “**Amory MDOM Claim**”).

34. As set forth in more detail in the MDOM Motion and the MDOM Reply and Objection, MDOM asserts a claim against Batesville for failure to pay MDOM Obligations, interest, and penalties in the amount of \$1,664,947.29 as of April 1, 2019 (the “**Batesville MDOM Claim**”).

35. As set forth in more detail in the MDOM Motion and the MDOM Reply and Objection, MDOM asserts a claim against Clarksdale for failure to pay MDOM Obligations, interest, and penalties in the amount of \$1,724,248.83 as of April 1, 2019 (the “**Clarksdale MDOM Claim**”, together with the Batesville MDOM Claim and the Amory MDOM Claim, the “**MDOM Claims**”).

Claims of Debtors’ Estates

36. As set forth in more detail in the Cross-Motion, Debtors and the Committee assert claims against MDOM with respect to MDOM’s failure to make MHAP payments to the Amory Hospital in the amount of \$106,855, plus reasonable attorneys’ fees and costs of the Debtors’ estates (the “**Amory Estate Claims**”). Other than Debtor Amory Regional Medical Center, Inc. and its estate, no other party owns or has an interest in the Amory Estate Claims.

37. As set forth in more detail in the Cross-Motion, Debtors and the Committee assert claims against MDOM with respect to MDOM’s failure to make MHAP payments to the Batesville Hospital in the amount of \$1,175,706, plus reasonable attorneys’ fees and costs of the

Debtors' estates (the "**Batesville Estate Claims**"). Other than Debtor Batesville Regional Medical Center, Inc. and its estate, no other party owns or has an interest in the Batesville Estate Claims.

38. As set forth in more detail in the Cross-Motion, Debtors and the Committee assert claims against MDOM with respect to MDOM's failure to make MHAP payments to the Clarksdale Hospital in the amount of \$2,661,047, plus reasonable attorneys' fees and costs of the Debtors' estates (the "**Clarksdale Estate Claims**", together with the Batesville Debtor Claims and the Amory Debtor Claims, the "**Estate Claims**"). Other than Debtor Clarksdale Regional Medical Center, Inc. and its estate, no other party owns or has an interest in the Clarksdale Estate Claims.

39. The Debtors, Committee, MDOM, NMHS, and Progressive now desire to settle the MDOM Motion and the Cross-Motion with respect to the Amory Hospital and the Batesville Hospital as provided herein and in the MDOM Settlement Agreements. The Debtors, Committee, MDOM, and CHS have not yet reached a resolution of their respective claims as they relate to the Clarksdale Hospital, although good-faith settlement negotiations among those parties are ongoing.

AMORY SETTLEMENT DETAILS

40. The Amory Settlement Agreement among the Debtors, the Committee, MDOM, and NMHS (collectively, the "**Amory Parties**") includes the following terms: (i) NMHS shall pay \$774,659.52 to MDOM on account of the MDOM Obligations owed by Debtors prior to January 1, 2019; (ii) NMHS shall have the right to withdraw \$774,659.52 from the Amory Escrow Account in accordance with the Amory APA; (iii) NMHS shall pay to MDOM all MDOM Obligations owed by the Amory Hospital in and after January 2019 and going forward;

(iv) upon receipt of all payments, MDOM shall direct its coordinated care organizations (“CCO”) to make all MHAP payments to NMHS owed to the Amory Hospital as of January 1, 2019 and going forward; and (v) mutual releases shall be exchanged among the Amory Parties with respect to the Amory MDOM Claims and Amory Estate Claims.

BATESVILLE SETTLEMENT DETAILS

41. The Batesville Settlement Agreement among the Debtors, the Committee, MDOM, and Progressive (collectively, the “**Batesville Parties**”) includes the following terms: (i) MDOM shall recoup its Batesville MDOM Claim in relation to the Batesville Hospital from the January, February, and March 2019 supplemental payments and shall deduct the remaining balance due it from the \$363,443.09, tendered to MDOM following the Batesville Sale; (ii) MDOM shall deduct the April 2019 Invoice of \$157,585.00, from the \$363,443.09 tendered to MDOM following the Batesville Sale and any balance remaining shall be applied to partial payment of the amount invoiced or to be invoiced in May, 2019; (iii) Progressive shall pay to MDOM all MDOM Obligations owed by the Batesville Hospital going forward; (iv) MDOM shall direct its CCOs to make all MHAP payments to Progressive owed to the Batesville Hospital in April 2019 and going forward and; and (v) mutual releases shall be exchanged among the Batesville Parties with respect to the Batesville MDOM Claims and Batesville Estate Claims.

RELIEF REQUESTED AND BASIS FOR RELIEF

42. The Amory Parties have reached an agreement to resolve the Amory MDOM Claim and the Amory Estate Claims and seek approval of the Amory Settlement Agreement from the Court under Rule 9019.

43. The Batesville Parties have reached an agreement to resolve the Batesville MDOM Claim and Batesville Estate Claims and seek approval of the Batesville Settlement Agreement from the Court under Rule 9019.

44. Rule 9019 provides that “[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement. Notice shall be given to creditors, the United States trustee, the debtor . . . and to any other entity as the court may direct. FED. R. BANKR. P. 9019(a); *see also Myers v. Martin (In re Martin)*, 91 F.3d 389, 393 (3d Cir. 1996). As courts have emphasized, “to minimize litigation and expedite the administration of a bankruptcy estate, [c]ompromises are favored in bankruptcy.” *See, e.g., id.* at 393 (quoting 9 Collier on Bankruptcy 9019[1] (15th ed. 1993)); *In re Trism, Inc.*, 282 B.R. 662, 666 (B.A.P. 8th Cir. 2002).

45. The Debtors in their business judgment believe that the MDOM Settlement Agreements are in the best interests of these estates and all creditors, especially in light of potential administrative expense liability should MDOM prevail in litigation against the Debtors.

46. In determining whether or not to approve a settlement, “[t]he bankruptcy court . . . is obligated to weigh all conflicting interests in deciding whether the compromise is ‘fair and equitable,’ considering such factors as the probability of success on the merits, complexity and expense of litigations, and the reasonable views of creditors.” *Bauer v. Commerce Union Bank, Clarksville, Tennessee*, 859 F.2d 438, 441 (6th Cir. 1988). “In considering these factors, the bankruptcy court should canvass the issues and determine whether the proposed settlement falls within the range of reasonableness in the case, but without trying the case or otherwise deciding the issues of law and fact presented.” *In re Media Cent., Inc.*, 190 B.R. 316, 321 (E.D. Tenn. 1994). Participation by sophisticated parties is an additional factor that has been considered. *See In re Ionosphere Clubs*, 156 B.R. 414, 426 (S.D.N.Y. 1993), *aff’d*, 17 F. 3d 600 (2d Cir. 1994).

47. Moreover, the court “need not hold a mini-trial or write an extensive opinion every time he approves or disapproves a settlement. The judge need only apprise himself of the relevant facts and law so that he can make an informed and intelligent decision, and set out the reasons for his decision.” *In re MQVP, Inc.*, 477 F. App'x 310, 313 (6th Cir. 2012) (citing *In re Fishell*, 47 F.3d 1168 (6th Cir. 1995) (quoting *In re American Corporation*, 841 F.2d 159, 163 (7th Cir. 1987))). The Court’s obligation is to “canvass the issues to see whether the settlement falls below the lowest point in the range of reasonableness.” *Cosoffi v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608, 613 (2d Cir. 1983), *cert denied*, 464 U.S. 822 (1983); *In re Mavrode*, 205 B.R. 716, 720 (Bankr. D.N.J. 1997); *see also In re Capmark Fin. Grp., Inc.*, 438 B.R. 471, 515 (Bankr. D. Del. 2010).

48. Applying these standards to this case, the Debtors believe that approval of the Settlement Agreement is in the best interests of the Debtors’ estates and its creditors and is fair and equitable. The MDOM Settlement Agreements result in, *inter alia*, (i) elimination of the Amory MDOM Claim and the Batesville MDOM Claim, (ii) reduction of MDOM’s total alleged administrative expense claims against the Debtors’ estates to \$1,724,248.83, and (iii) elimination of the risk of future litigation costs related to the Amory MDOM Claim and the Batesville MDOM Claim.

49. The Settlement Agreement was negotiated at arms’ length by sophisticated parties. *See Motorola Inc. v. Official Comm. Of Unsecured Creditors (In re Iridium Operating LLC)*, 478 F.3d 452, 462 (2d Cir. 2007) (noting that approval of settlements includes weighing the support of other parties-in-interest and the “competency and experience of counsel” supporting the settlement). The issues raised in the MDOM Motion and the Cross-Motion are very complex and nuanced, making the likelihood of success uncertain. If the Court does not

approve the Settlement Agreement, the Debtors will have to litigate the issues raised in the MDOM Motion and the Cross-Motion, subjecting the Debtors' estates to potential administrative liability that could threaten the viability of the Joint Plan proposed by the Debtors and the Committee. Should MDOM prevail in its claims against the Debtors, the likelihood of any distribution to unsecured creditors would be significantly reduced.

50. While Debtors are confident in their position related to the MDOM Motion, prevailing in litigation against MDOM does not eliminate the risk of liability being passed to NMHS, Progressive, and CHS as the purchasers of Debtors' hospitals (collectively, the "**Purchasers**"). Should the Purchasers be held liable for the MDOM Obligations, Debtors may be subject to future litigation with the Purchasers. The approval of the MDOM Settlement Agreements will eliminate risks of future litigation against the Debtors' estates. Accordingly, the Debtors are confident that the settlement meets the standards under Rule 9019. *See In re Martin*, 91 F.3d at 395; *see also Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424–25 (1968).

51. Upon approval Settlement Agreements shall be binding on the Parties, any of the Parties' successors and/or assigns, and all other creditors and parties in interest in the Chapter 11 Cases (including, without limitation, the Creditors' Committee, any trustee or examiner appointed in the Chapter 11 Cases or any chapter 7 trustee, or any other person, party or entity to, in any jurisdiction anywhere in the world, directly or indirectly).

52. The provisions of any Order granting the relief sought herein should be incorporated into any plan and confirmation order entered in these cases and the Settlement Agreements should survive any order dismissing any or all of these cases or converting any or all of these cases under any chapter of the Bankruptcy Code.

53. After Bankruptcy Court approval of these Settlement Agreements, the Debtors shall not file a Plan or amend the Plan in a manner that is inconsistent with the terms and provisions of this Settlement Agreement, take any other action in the Chapter 11 Cases that is inconsistent with the terms and provisions of this Settlement Agreement, or propose terms for any order confirming the Plan that are inconsistent with this Settlement Agreement.

54. The Parties reserve all other rights or defenses that they may have with respect to the Plan.

NOTICE

55. Notice of this Motion is being served via First Class U.S. Mail, electronic mail, and/or CM/ECF to: (a) the U.S. Trustee; (b) counsel to ServisFirst; (c) counsel to CHS; (d) counsel to MidCap; (e) the Office of the United States Attorney for the Middle District of Tennessee; (f) the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services; (g) the Tennessee State Department of Health Division of Licensure and Regulation of Health Care Facilities; (h) the Attorney General of the State of Tennessee; (i) the Tennessee Department of Revenue; (j) the Tennessee Secretary of State; (k) the Mississippi State Department of Health; (l) the Attorney General of the State of Mississippi; (m) the United States Attorney's Office for the Northern District of Mississippi; (n) the Mississippi Department of Revenue; (o) the Internal Revenue Service; (p) counsel to the official committee of unsecured creditors; (q) the ombudsman and her counsel; (r) the Mississippi Division of Medicaid (attn.: James Bobo); (s) counsel to NMHS; (t) counsel to Progressive (u) and any party who has requested notice pursuant to Bankruptcy Rule 2002.

56. In light of the nature of the relief requested herein, the Debtors respectfully submit that no other or further notice is necessary.

Dated: April 29, 2019
Nashville, Tennessee

POLSINELLI PC

/s/ Michael Malone

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Debtors in Possession*

EXHIBIT A
PROPOSED ORDER

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

In re:)	
)	Chapter 11
Curae Health, Inc., <i>et al.</i> ²)	Case No. 18-05665
)	
1721 Midpark Road, Suite B200)	Judge Walker
Knoxville, TN 37921)	
Debtors.)	Jointly Administered

**ORDER PURSUANT TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY
PROCEDURE APPROVING AMORY SETTLEMENT AGREEMENT AND
BATESVILLE SETTLEMENT AGREEMENT**

Upon the motion (the “**Motion**”)³ of the Debtors for entry of an order (the “**Order**”) approving the Amory Settlement Agreement among the Amory Parties and the Batesville Settlement Agreement among the Batesville Parties pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), all as more fully set forth in the Motion; and the Court having reviewed the Motion, the First Day Declaration, and upon the record of the hearing on the Motion, if any; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that the Debtors consent to entry of a final order under Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been given; and it

² The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

³ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

appearing that no other or further notice is required; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is GRANTED, as set forth herein.
2. The Court has jurisdiction over the parties and subject matter.
3. Notice of the Motion as provided therein shall be deemed good and sufficient and the requirements of the Bankruptcy Rules and Local Rules are satisfied by such notice.
4. The Amory Settlement Agreement is hereby approved and Debtors are authorized to enter into the Amory Settlement Agreement. The automatic stay under Bankruptcy Code section 362(a) shall be, and hereby is, modified to the extent necessary to permit the Amory Parties to consummate the Amory Settlement Agreement. Upon entry of this Order and execution of the Amory Settlement Agreement, the Amory Parties shall be deemed to have exchanged mutual releases as provided in paragraphs 5, 6, and 7 of the Amory Settlement Agreement.
5. The Batesville Settlement Agreement is hereby approved and Debtors are authorized to enter into the Batesville Settlement Agreement. The automatic stay under Bankruptcy Code section 362(a) shall be, and hereby is, modified to the extent necessary to permit the Batesville Parties to consummate the Batesville Settlement Agreement. Upon entry of this Order and execution of the Batesville Settlement Agreement, the Batesville Parties shall be deemed to have exchanged mutual releases as provided in paragraphs 4, 5, and 6 of the Batesville Settlement Agreement.
6. The Clarksdale MDOM Claim and Clarksdale Estate Claims are explicitly preserved. Nothing in this Order, the Motion, or the MDOM Settlement Agreements shall be construed as prejudicing any rights or claims of any party with respect to the issues raised in the MDOM Motion and the Cross-Motion as they relate to the Clarksdale Hospital, including, but

not limited to, the Clarksdale MDOM Claim and the Clarksdale Estate Claims. The Clarksdale MDOM Claim and the Clarksdale Estate Claims and amounts allegedly owed with respect thereto shall be resolved either by a separate settlement agreement or by this Court following the presentation of evidence and argument by the parties at the Adjourned Hearing.

7. The total administrative claim alleged by MDOM shall be reduced by the amounts of the Amory MDOM Claim and the Batesville MDOM Claim as of April 1, 2019. MDOM's only remaining claim against the Debtors and their estates shall be the Clarksdale MDOM Claim, which as of April 1, 2019, totaled \$1,724,248.83.

8. The total amount alleged by Debtors and the Committee with respect to the Estate Claims against MDOM shall be reduced by the amounts of the Amory Estate Claims and the Batesville Estate Claims as of April 1, 2019.

9. Nothing contained in this Order or the MDOM Settlement Agreements shall be construed as a determination or an admission of liability by Debtors, their estates, the Committee, MDOM, NMHS, CHS, or Progressive.

10. Debtors, the Committee, MDOM, NMHS, and Progressive are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and the MDOM Settlement Agreements.

11. This Order and the Settlement Agreements shall be binding on the Parties, any of the Parties' successors and/or assigns, and all other creditors and parties in interest in the Chapter 11 Cases (including, without limitation, the Creditors' Committee, any trustee or examiner appointed in the Chapter 11 Cases or any chapter 7 trustee, or any other person, party or entity to, in any jurisdiction anywhere in the world, directly or indirectly).

12. The provisions of this Order shall be incorporated into any plan and confirmation order entered in these cases and shall survive any order dismissing any or all of these cases or converting any or all of these cases under any chapter of the Bankruptcy Code.

13. The Debtors shall not file a Plan or amend the Plan in a manner that is inconsistent with the terms and provisions of the Settlement Agreements, take any other action in the Chapter 11 Cases that is inconsistent with the terms and provisions of the Settlement Agreements, or propose terms for any order confirming the Plan that are inconsistent with these Settlement Agreements.

14. The Parties to the Settlement Agreements have reserved all other rights or defenses that they may have with respect to the Plan.

15. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation of this Order and the MDOM Settlement Agreements.

This Order Was Signed And Entered Electronically As Indicated At The Top Of The First Page

Prepared and submitted by:

POLSINELLI PC

/s/ Michael Malone

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-and-

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*Counsel to the Debtors and
Debtors in Possession*

Exhibit 1

Amory Settlement Agreement

AMORY SETTLEMENT AGREEMENT

*In re Curae Health, Inc., Case No. 18-05665*¹
United States Bankruptcy Court for the Middle District of Tennessee

This Settlement Agreement (the “**Settlement Agreement**”) is entered into as of the ___ day of May, 2019, by and among Debtors and debtors-in-possession in the above captioned chapter 11 bankruptcy case (“**Debtors**”), the State of Mississippi Division of Medicaid (“**MDOM**”), the official committee of unsecured creditors appointed in the above captioned case (the “**Committee**”), and North Mississippi Health Services, Inc. (“**NMHS**”) to resolve the claims raised in the MDOM Motion (defined below) related to the Amory Hospital (defined below), the claims raised in the Cross-Motion (defined below) of the Debtors and the Committee related to the Amory Hospital, and any existing claims and disputes between NMHS and MDOM. Debtors, MDOM, the Committee, and NMHS are each referred to herein as a “**Party**” and are collectively referred to herein as the “**Parties**”.

RECITALS

WHEREAS, on August 24, 2018 (the “**Petition Date**”), the Debtors filed voluntary petitions under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) in the above-referenced, jointly-administered bankruptcy cases (collectively, the “**Chapter 11 Cases**”) pending in the United States Bankruptcy Court for the Middle District of Tennessee (the “**Bankruptcy Court**”).

WHEREAS, on August 31, 2018, the Debtors filed *Debtors’ Motion for Entry of an Order (I) Authorizing and Approving Bidding Procedures for the Sale of Gilmore Medical Center, (II) Authorizing the Sale of Gilmore Medical Center Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (III) Approving Stalking Horse Purchaser, Break-up Fee, and Overbid Protections, (IV) Establishing Certain Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (V) Scheduling an Auction, (VI) Scheduling a Hearing and Objections Deadlines With Respect to the Sale of Gilmore Medical Center, (VII) Approving the Form and Manner of Notice Thereof, and (VIII) Granting Related Relief* [Docket No. 79] (the “**Amory Procedures Motion**”), seeking to, *inter alia*, sell all, or substantially all, of their assets related to Gilmore Medical Center (the “**Amory Hospital**”).

WHEREAS, on September 28, 2018, the Bankruptcy Court entered an order on the Amory Procedures Motion [Docket No. 260] (the “**Amory Procedures Order**”) and set a sale hearing for November 27, 2018.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

WHEREAS, on November 30, 2018, the Bankruptcy Court entered an order, *inter alia*, approving the Asset Purchase Agreement for the sale of the Amory Hospital to NMHS (the “**Amory APA**”) and authorizing the Debtors to sell the Amory Hospital to NMHS free and clear of all liens, claims, encumbrances, and other interests [Docket No. 506] (the “**Amory Sale Order**”).

WHEREAS, on December 31, 2018, the closing of the sale of the Amory Hospital occurred, with an effective time of 12:01 a.m. on January 1, 2019 (the “**Effective Time**”).

WHEREAS, pursuant to the terms of the Amory APA, \$2,000,000.00 of the Purchase Price (as defined in the Amory APA) was deposited into an escrow account (the “**Amory Escrow Account**”). The Amory Escrow Account constitutes the sole source of satisfaction of any claims which may be asserted by NMHS against Debtors under the Amory APA.

WHEREAS, pursuant to the terms of the Amory APA, Debtors are required to indemnify NMHS for any losses arising out of any Excluded Liabilities (as defined in the Amory APA). Excluded Liabilities under the Amory APA include any liabilities related to the ownership or operation of the Amory Hospital prior to the Effective Time.

WHEREAS, NMHS asserts the MDOM Obligations that came due in 2018 relate to Debtors’ ownership and operation of the Amory Hospital before the Effective Time and are therefore Excluded Liabilities under the Amory APA.

WHEREAS, on February 13, 2019, MDOM filed the *State of Mississippi Division of Medicaid’s Motion to (I) Approve its Administrative Expense, and Compel Payment Thereof, and (II) Upon Any Failure to Pay that the Debtor(s) Be Required to Appear at a Hearing to Show Cause and for the Court to Hear and Consider Whether to Dismiss or Convert the Proceedings* [Docket No. 758] (the “**MDOM Motion**”). The MDOM Motion is fully incorporated herein by reference. In the MDOM Motion, MDOM asserts an administrative expense claim against the Debtors for failure to pay certain obligations, penalties, and interest owed to MDOM (“**MDOM Obligations**”). MDOM asserts a claim against Debtors with respect to the Amory Hospital for unpaid pre- and post-petition MDOM Obligations in the amount of \$[774,659.52] as of April 1, 2019 (the “**Amory MDOM Claim**”). The MDOM Motion is fully incorporated herein by reference.

WHEREAS, on March 26, 2019, the Debtors and the Committee filed the *Joint Objection of the Debtors and Official Committee of Unsecured Creditors Opposing the State of Mississippi Division of Medicaid’s Motion and Joint Cross Motion of the Debtors and Official Committee of Unsecured Creditors Seeking (A) Payment of Actual Damages for the State of Mississippi Division of Medicaid’s Willful Violations of the Automatic Stay and (B) Turnover of Estate Funds* [Docket No. 901] (the “**Cross-Motion**”). The Cross-Motion is fully incorporated herein by reference. In the Cross-Motion, Debtors and the Committee assert certain claims against MDOM regarding, *inter alia*, failure to pay Mississippi Hospital Access Program (“**MHAP**”).

payments to the Amory Hospital (the “**Amory Estate Claims**”). The Cross-Motion is fully incorporated herein by reference.

WHEREAS, on April 2, 2019, MDOM filed the *Reply of the State of Mississippi Division of Medicaid to Joint Objection of the Debtors and Official Committee of Unsecured Creditors and Objection to Cross-Claim* [Docket No. 919] (the “**MDOM Reply and Objection**”). The MDOM Reply and Objection is fully incorporated herein by reference.

WHEREAS, on April 5, 2019, NMHS filed the *Statement of Interested Party North Mississippi Health Services in Response to the State of Mississippi Department of Medicaid’s Motion* [Docket No. 930] (the “**NMHS Response**”).

WHEREAS, a hearing on the MDOM Motion and Cross-Motion was set for April 9, 2019 (the “**Hearing**”).

WHEREAS, prior to the Hearing, the Parties began discussing terms of settlement to resolve the claims asserted in the MDOM Motion and the Cross-Motion.

WHEREAS, at the Hearing, the Parties agreed to adjourn the Hearing to May 9, 2019 to pursue good-faith settlement negotiations.

WHEREAS, the Parties now desire to settle the MDOM Motion and the Cross-Motion with respect to the Amory Hospital as provided in this Settlement Agreement.

WHEREAS, on April __, 2019, Debtors filed the *Expedited Motion for Entry of an Order Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure Approving the Amory Settlement Agreement and the Batesville Settlement Agreement*, seeking, *inter alia*, entry of an order approving this Settlement Agreement (the “**9019 Order**”).

AGREEMENT

NOW THEREFORE, for and in consideration of the mutual obligations and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Pre-Effective Time MDOM Obligations. NMHS shall pay \$774,659.52 to MDOM on account of the pre-Effective Time MDOM Obligations owed by Debtors in connection with the Amory Hospital. Such payment shall fully and completely satisfy the Amory MDOM Claim.
2. Amory Escrow Account. In accordance with the Amory APA, NMHS shall have the right to withdraw \$774,659.52 from the funds held in the Amory Escrow Account on account of payment of the pre-Effective Time MDOM Obligations.

3. Post-Effective Time MDOM Obligations. NMHS shall pay to MDOM all MDOM Obligations owed in connection with the Amory Hospital that have come due after the Effective Time and shall continue to pay the MDOM Obligations to MDOM going forward as required under state law.

4. MHAP Payments. After receipt of the above referenced payments, MDOM shall pay to NMHS all MHAP payments related to the Amory Hospital that would have come due after the Effective Time and shall continue to pay the MHAP payments to NMHS going forward in accordance with state law and future amendments. For the avoidance of doubt, nothing contained in this Settlement Agreement shall create any contractual rights between MDOM and NMHS as to future tax obligations of NMHS, if any or as to the future payment obligations of MDOM, if any.

5. MDOM Releases. Upon entry of the 9019 Order, MDOM hereby fully and irrevocably releases and discharges (i) Debtors, their estates, and each of the Debtors' employees, agents, officers, directors, attorneys, representatives, independent contractors, subsidiaries, affiliates, assignees, licensees, predecessors, and successors in interest; and (ii) NMHS and its employees, agents, officers, directors, attorneys, representatives, independent contractors, subsidiaries, affiliates, assignees, licensees, predecessors, and successors in interest from any and all claims, demands, complaints, damages, suits, debts, dues, sums, controversies, liens, accounts, obligations, costs, expenses, accounts, promises, indemnifications, causes of action or actions, losses, and liabilities of every kind and nature whatsoever, whether at law or in equity, whether now known or unknown, liquidated or unliquidated, direct or indirect, due or to become due, contingent or otherwise, suspected or unsuspected, whether arising pre- or post-petition, of any kind, nature or priority, which it now has or holds, or at any time heretofore ever had or held, that were raised or could have been raised in connection with or concurrently with the MDOM Motion solely with respect to the Amory Hospital, including, but not limited to, any claims of MDOM for unpaid MDOM Obligations relating to the Amory Hospital and any claims of MDOM relating to any MHAP payments owed or paid to the Amory Hospital. The claims of MDOM against Batesville Regional Medical Center, Inc., its estate and successor in interest, and against Clarksdale Regional Medical Center, Inc., its estate, any lessee and/or successor in interest, are expressly reserved and are not compromised or released hereunder.

6. Estate and Committee Releases. Upon entry of the 9019 Order, Debtors, on behalf of themselves and their estates, and the Committee hereby fully and forever release and discharge (i) MDOM and its employees, agents, attorneys, representatives, independent contractors, including but not limited to MCO and CCO, affiliates, assignees, licensees, predecessors, successors in interest, insurers and sureties; and (ii) NMHS and its employees, agents, officers, directors, attorneys, representatives, independent contractors, subsidiaries, affiliates, assignees, licensees, predecessors, and successors in interest from any and all claims, demands, complaints, damages, suits, debts, dues, sums, controversies, liens, accounts, obligations, costs, expenses, accounts, promises, indemnifications, causes of action or actions,

losses, and liabilities of every kind and nature whatsoever, whether at law or in equity, whether now known or unknown, liquidated or unliquidated, direct or indirect, due or to become due, contingent or otherwise, suspected or unsuspected, which they now have or hold, or at any time heretofore ever had or held, that were raised or could have been raised in connection with or concurrently with the Cross-Motion solely with respect to the Amory Hospital, including, but not limited to, the Amory Estate Claims, any claims of the Debtors' estates relating to unpaid MDOM Obligations for the Amory Hospital and any claims of the Debtors' estates relating to any payments by MDOM allegedly due or payable to the Debtor Amory Regional Medical Center, Inc., or its estate or otherwise allegedly owed or payable to the Amory Hospital. Debtors and their Estates warrant that no other party owns or has an interest in the claims being released in this paragraph. Notwithstanding the foregoing, nothing set forth herein shall be deemed to release NMHS from its obligations under the Amory APA.

7. NMHS Releases. Upon entry of the 9019 Order, NMHS hereby fully and forever releases and discharges (i) Debtors, their estates, and each of the Debtors' employees, agents, officers, directors, attorneys, representatives, independent contractors, subsidiaries, affiliates, assignees, licensees, predecessors, and successors in interest; and (ii) MDOM and its employees, agents, attorneys, representatives, independent contractors, including but not limited to MCO and CCO, affiliates, assignees, licensees, predecessors, successors in interest, insurers and sureties, from any and all claims, demands, complaints, damages, suits, debts, dues, sums, controversies, liens, accounts, obligations, costs, expenses, accounts, promises, indemnifications, causes of action or actions, losses, and liabilities of every kind and nature whatsoever, whether at law or in equity, whether now known or unknown, liquidated or unliquidated, direct or indirect, due or to become due, contingent or otherwise, suspected or unsuspected, which they now have or hold, or at any time heretofore ever had or held, that were raised or could have been raised in connection with or concurrently with the MDOM Motion and the Cross-Motion solely with respect to the Amory Hospital, arising on or before December 31, 2018. Provided, however, this release does not apply to the individual denial of patient claims for treatment rendered prior to January 1, 2019. Notwithstanding the foregoing, nothing set forth herein shall be deemed to release the Debtors from their obligations under the Amory APA.

8. Governing Law; Venue. The Parties agree that this Settlement Agreement shall be governed by, and construed in accordance with, the substantive internal laws (as opposed to conflicts of law provisions) and decisions of the State of Mississippi and that any dispute arising from this Settlement Agreement must be heard in the Bankruptcy Court. Notwithstanding the language of this provision, after the above referenced payments are made any future disputes not related to this Settlement Agreement between NMHS and MDOM shall be exclusively governed by the laws of the State of Mississippi and that the exclusive forum shall be the administrative process of MDOM and the appropriate state court located in Hinds County, Mississippi.

9. No Admission. The releases contemplated herein and payment of funds in relation thereto shall not in any way be construed as an admission by any party of any liability whatsoever, and the parties specifically disclaim any liability to or wrongdoing against any persons or entities, on the part of themselves, their estates, their employees, or their agents. Instead the consideration is exchanged in full compromise and settlement of any and all Amory Hospital related claims of every nature, including but not limited to damages, attorneys' fees, costs, or expenses, which any of the parties may have now has or may hereafter have by reason of any and all breaches of contract, torts or other intentional or unintentional conduct, action, omission, employment, agreements, violation of common or statutory law or transactions involving or connected to the parties or any contract between or among the parties. It is expressly understood that the releases shall be a complete bar to all claims or suits for losses, injuries or damages of any nature which the Parties now have against the Released Parties or any one or more of them related to Amory Hospital.

10. Integrated Settlement Agreement. This Settlement Agreement is a full and final integration and resolution of all prior discussions, negotiations, arrangements, relationships, agreements, commitments or contracts of any kind (express or implied, written or verbal) between the Parties and all such prior and any contemporaneous statements, commitments, writings, stipulations, contracts or instruments are superseded hereby and shall not survive the execution of this Settlement Agreement. This Settlement Agreement may only be amended by a written stipulation signed by both of the Parties and no waiver of any right, benefit or interest of a Party hereunder shall be binding unless the said waiver is in writing and signed by the Party charged with such waiver. Each Party hereby acknowledges and represents that, in entering into this Settlement Agreement, the Party has neither received nor relied upon any representations or promises made by the other Party, or the other Party's officers, directors, employees, agents, attorneys, or representatives, other than those representations and promises that are expressly set forth in writing in this Settlement Agreement. The making of any such representations or promises, other than those that are expressly set forth in writing in this Settlement Agreement, is specifically denied by any and all Parties.

11. Counterparts. This Settlement Agreement may be executed in electronic format and in one or more counterparts and when all Parties have executed a counterpart hereof, the said counterparts shall constitute a single, complete and binding contract and Settlement Agreement between the Parties.

12. Authorization. Each Party represents and warrants that the person signing this Settlement Agreement on that Party's behalf is fully authorized to execute this Settlement Agreement on that Party's behalf and to bind them legally to the covenants and stipulations set forth herein. Each person signing this Settlement Agreement represents and warrants that he or she is fully authorized to execute this Settlement Agreement by the Party on whose behalf he or she is signing this Settlement Agreement.

13. No Agency. This Settlement Agreement is not intended, and shall not be construed, to create any relationship of employment, partnership, agency, affiliation, combination, or joint venture between the Parties.

14. EACH PARTY REPRESENTS, WARRANTS AND ACKNOWLEDGES THAT:

(i) IT HAS REVIEWED ITS RECORDS, EVALUATED ITS POSITION AND CONDUCTED DUE DILIGENCE WITH REGARD TO ALL RIGHTS, CLAIMS, OR CAUSES OF ACTION WHATSOEVER WITH RESPECT TO THE OTHER PARTY AND/OR THIS SETTLEMENT AGREEMENT; (ii) IT HAS CONSULTED WITH OR HAS HAD THE OPPORTUNITY TO CONSULT WITH INDEPENDENT LEGAL COUNSEL OF ITS OWN CHOICE CONCERNING THIS SETTLEMENT AGREEMENT AND HAS BEEN ADVISED TO DO SO; AND (iii) IT HAS CAREFULLY READ THE FOREGOING, AND KNOWS AND UNDERSTANDS THE CONTENT AND MEANING OF ALL PROVISIONS IN THIS SETTLEMENT AGREEMENT, IS FULLY AWARE OF THE LEGAL EFFECT OF ALL PROVISIONS, AND HAS ENTERED INTO THIS SETTLEMENT AGREEMENT FREELY BASED ON ITS OWN JUDGMENT.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement to be effective as of the date first set forth above by and through their duly authorized representatives.

CURAE HEALTH, INC., ET AL.
DEBTORS AND DEBTORS-IN-
POSSESSION

By: _____
Name: _____
Title: _____

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS

By: _____
Name: _____
Title: _____

MISSISSIPPI DIVISION OF MEDICAID

By: _____
Name: _____
Title: _____

NORTH MISSISSIPPI HEALTH
SERVICES, INC.

By: _____
Name: _____
Title: _____

Exhibit 2

Batesville Settlement Agreement

BATESVILLE SETTLEMENT AGREEMENT

*In re Curae Health, Inc., Case No. 18-05665*¹
United States Bankruptcy Court for the Middle District of Tennessee

This Settlement Agreement (the “**Settlement Agreement**”) is entered into as of the ___ day of May, 2019, by and among Debtors and debtors-in-possession in the above captioned chapter 11 bankruptcy case (“**Debtors**”), the State of Mississippi Division of Medicaid (“**MDOM**”), the official committee of unsecured creditors appointed in the above captioned case (the “**Committee**”), and Progressive Medical Management of Batesville, LLC (together with its affiliates, “**Progressive**”) to resolve the claims raised in the MDOM Motion (defined below) related to the Batesville Hospital, the claims raised in the Cross-Motion (defined below) of the Debtors and the Committee related to the Batesville Hospital, and any existing claims and disputes between Progressive and MDOM. Debtors, MDOM, the Committee, and Progressive are each referred to herein as a “**Party**” and are collectively referred to herein as the “**Parties**”.

RECITALS

WHEREAS, on August 24, 2018 (the “**Petition Date**”), the Debtors filed voluntary petitions under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) in the above-referenced, jointly-administered bankruptcy cases (collectively, the “**Chapter 11 Cases**”) pending in the United States Bankruptcy Court for the Middle District of Tennessee (the “**Bankruptcy Court**”).

WHEREAS, on November 6, 2018, the Debtors filed their *Motion for Entry of an Order (I) Authorizing and Approving Bidding Procedures for the Sale of Panola Medical Center, (II) Authorizing the Sale of Panola Medical Center Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (III) Approving Stalking Horse Purchaser, Break-up Fee, and Overbid Protections, (IV) Establishing Certain Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (V) Scheduling an Auction, (VI) Scheduling a Hearing and Objections Deadlines With Respect to the Sale of Panola Medical Center, (VII) Approving the Form and Manner of Notice Thereof, and (VIII) Granting Related Relief* [Docket No. 401] (the “**Batesville Procedures Motion**”), seeking to, *inter alia*, sell all, or substantially all, of their assets related to Panola Medical Center (the “**Batesville Hospital**”).

WHEREAS, on November 30, 2018, the Bankruptcy Court entered an order on the Batesville Procedures Motion [Docket No. 507] (the “**Batesville Procedures Order**”) set a sale hearing.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Curae Health, Inc. (5638); Amory Regional Medical Center, Inc. (2640); Batesville Regional Medical Center, Inc. (7929); and Clarksdale Regional Medical Center, Inc. (4755); Amory Regional Physicians, LLC (5044); Batesville Regional Physicians, LLC (4952); Clarksdale Regional Physicians, LLC (5311).

WHEREAS, on January 22, 2019, the Bankruptcy Court entered an order, *inter alia*, approving the Asset Purchase Agreement for the sale of the Batesville Hospital to Progressive (the “**Batesville APA**”) and authorizing the Debtors to sell the Batesville Hospital to Progressive free and clear of all liens, claims, encumbrances, and other interests [Docket No. 694] (the “**Batesville Sale Order**”).

WHEREAS, on February 13, 2019, MDOM filed the *State of Mississippi Division of Medicaid’s Motion to (I) Approve its Administrative Expense, and Compel Payment Thereof, and (II) Upon Any Failure to Pay that the Debtor(s) Be Required to Appear at a Hearing to Show Cause and for the Court to Hear and Consider Whether to Dismiss or Convert the Proceedings* [Docket No. 758] (the “**MDOM Motion**”). The MDOM Motion is fully incorporated herein by reference. In the MDOM Motion, MDOM asserts an administrative expense claim against the Debtors for failure to pay certain obligations, interest, and penalties to MDOM (“**MDOM Obligations**”). MDOM asserts a claim against Debtors with respect to the Batesville Hospital for unpaid pre- and post-petition MDOM Obligations in the amount of \$1,664,947.29 as of April 1, 2019 (the “**Batesville MDOM Claims**”). The MDOM Motion is fully incorporated herein by reference.

WHEREAS, on March 13, 2019, the Court entered the *Expedited Consent Order (I) Approving the First Amendment to the Panola APA, (II) Authorizing the Debtors to Pay the Purchase Price from the Sale of Panola Medical Center to ServisFirst Bank, (III) Authorizing Certain Releases, and (IV) Granting Related Relief* [Docket No. 876] (the “**Supplemental Sale Order**”).

WHEREAS, on March 14, 2019, the Sale of the Batesville Hospital closed in accordance with the terms set forth in the Supplemental Sale Order, with an effective time of 12:01 a.m. on March 1, 2019 (the “**Effective Time**”).

WHEREAS, on March 15, 2019, in connection with the Sale of the Batesville Hospital, Progressive mailed a check to MDOM, payable to the order of MDOM, in the amount of \$363,443.09.

WHEREAS, on March 26, 2019, the Debtors and the Committee filed the *Joint Objection of the Debtors and Official Committee of Unsecured Creditors Opposing the State of Mississippi Division of Medicaid’s Motion and Joint Cross Motion of the Debtors and Official Committee of Unsecured Creditors Seeking (A) Payment of Actual Damages for the State of Mississippi Division of Medicaid’s Willful Violations of the Automatic Stay and (B) Turnover of Estate Funds* [Docket No. 901] (the “**Cross-Motion**”). The Cross-Motion is fully incorporated herein by reference. In the Cross-Motion, Debtors and the Committee assert certain claims against MDOM regarding, *inter alia*, failure to pay Mississippi Hospital Access Program (“**MHAP**”) payments to the Batesville Hospital (the “**Batesville Estate Claims**”).

WHEREAS, on April 2, 2019, MDOM filed the *Reply of the State of Mississippi Division of Medicaid to Joint Objection of the Debtors and Official Committee of Unsecured Creditors and Objection to Cross-Claim* [Docket No. 919] (the “**MDOM Reply and Objection**”). The MDOM Reply and Objection is fully incorporated herein by reference.

WHEREAS, a hearing on the MDOM Motion and Cross-Motion was set for April 9, 2019 (the “**Hearing**”).

WHEREAS, prior to the Hearing, the Parties began discussing terms of settlement to resolve the claims asserted in the MDOM Motion and the Cross-Motion.

WHEREAS, at the Hearing, the Parties agreed to adjourn the Hearing to May 9, 2019 to pursue good-faith settlement negotiations.

WHEREAS, the Parties now desire to settle the MDOM Motion and the Cross-Motion with respect to the Batesville Hospital as provided in this Settlement Agreement.

WHEREAS, on April __, 2019, Debtors filed the *Expedited Motion for Entry of an Order Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure Approving the Amory Settlement Agreement and the Batesville Settlement Agreement*, seeking, *inter alia*, entry of an order approving this Settlement Agreement (the “**9019 Order**”).

AGREEMENT

NOW THEREFORE, for and in consideration of the mutual obligations and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Pre-April 2019 MDOM Obligations. MDOM shall recoup its Batesville MDOM Claim in relation to the Batesville Hospital from the January, February, and March 2019 supplemental payments and shall deduct the remaining balance due it from the \$363,443.09, tendered to MDOM following the Batesville Sale. Application of such payment and the waiver and release of any claim, right or interest in payments which would have been due in January, February, and/or March 2019 shall fully and completely satisfy the obligation of Debtors in relation to the Batesville MDOM Claim as far as same might otherwise be claims against Progressive as the successor operator of the Batesville Hospital.

2. April 2019 and Future MDOM Obligations. MDOM shall deduct the April 2019 Invoice of \$157,585.00 from the remaining balance of the \$363,443.09 tendered to MDOM following the Batesville Sale, and any balance remaining thereafter shall be applied to partial payment of the amount invoiced or to be invoiced in May 2019. Progressive shall pay to MDOM all MDOM Obligations owed by the Batesville Hospital going forward in May and thereafter.

3. MHAP Payments. After receipt of the above referenced payments, MDOM shall direct its CCOs to pay to Progressive all MHAP payments related to the Batesville Hospital that would have come due on and after April 1, 2019, and shall continue to direct that the CCOs make the MHAP payments to Progressive going forward as required in accordance with state law and future amendments. For the avoidance of doubt, nothing contained in this Settlement Agreement shall create any contractual rights between MDOM and Progressive as to future tax obligations of Progressive, if any or as to the future payment obligations of MDOM, if any. Under no circumstances shall any MHAP Payments be made to the Debtors or their estates. Under no circumstances shall any supplemental payments be made to Progressive, and Progressive shall make no such claim, for March, 2019 or earlier.

4. MDOM Releases. Effective upon the receipt of above referenced payments by MDOM and final court approval, MDOM hereby fully and irrevocably releases and discharges (i) Debtors, their estates, and each of the Debtors' employees, agents, officers, directors, attorneys, representatives, independent contractors, subsidiaries, affiliates, assignees, licensees, predecessors, and successors in interest; and (ii) Progressive and its employees, agents, officers, directors, attorneys, representatives, independent contractors, subsidiaries, affiliates, assignees, licensees, predecessors, and successors in interest from any and all claims, demands, complaints, damages, suits, debts, dues, sums, controversies, liens, accounts, obligations, costs, expenses, accounts, promises, indemnifications, causes of action or actions, losses, and liabilities of every kind and nature whatsoever, whether at law or in equity, whether now known or unknown, liquidated or unliquidated, direct or indirect, due or to become due, contingent or otherwise, suspected or unsuspected, whether arising pre- or post-petition, of any kind, nature or priority, which it now has or holds, or at any time heretofore ever had or held, that were raised or could have been raised in connection with or concurrently with the MDOM Motion solely with respect to the Batesville Hospital, including, but not limited to, any claims of MDOM for unpaid MDOM Obligations relating to the Batesville Hospital and any claims of MDOM relating to any MHAP payments owed or paid to the Batesville Hospital. The claims of MDOM against Amory Regional Medical Center, Inc., its estate and successors in interest or hospital purchaser, and against Clarksdale Regional Medical Center, Inc., its estate, any lessee and/or successor in interest, are expressly reserved and are not compromised or released hereunder.

5. Estate and Committee Releases. Effective upon entry of the 9019 Order, Debtors, on behalf of themselves and their estates, and the Committee hereby fully and forever release and discharge (i) MDOM and its employees, agents, attorneys, representatives, independent contractors, including but not limited to MCOs and CCOs, affiliates, assignees, licensees, predecessors, successors in interest, insurers and sureties; and (ii) Progressive and its employees, agents, officers, directors, attorneys, representatives, independent contractors, subsidiaries, affiliates, assignees, licensees, predecessors, and successors in interest from any and all claims, demands, complaints, damages, suits, debts, dues, sums, controversies, liens, accounts, obligations, costs, expenses, accounts, promises, indemnifications, causes of action or actions,

losses, and liabilities of every kind and nature whatsoever, whether at law or in equity, whether now known or unknown, liquidated or unliquidated, direct or indirect, due or to become due, contingent or otherwise, suspected or unsuspected, which they now have or hold, or at any time heretofore ever had or held, that were raised or could have been raised in connection with or concurrently with the Cross-Motion solely with respect to the Batesville Hospital, including, but not limited to, the Batesville Estate Claims, any claims of the Debtors' estates relating to unpaid MDOM Claims for the Batesville Hospital and any claims of the Debtors' estates relating to any payments by MDOM allegedly due or payable to the Debtor Batesville Regional Medical Center, Inc. or its estate or otherwise allegedly owed or payable to the Batesville Hospital before April 1, 2019. Debtors and their Estates warrant that no other party owns or has an interest in the claims being released in this paragraph. Notwithstanding the foregoing, nothing set forth herein shall be deemed to release Progressive from its obligations under the Progressive APA.

6. Progressive Releases. Effective upon entry of the 9019 Order, Progressive hereby fully and forever releases and discharges (i) Debtors, their estates, and each of the Debtors' employees, agents, officers, directors, attorneys, representatives, independent contractors, subsidiaries, affiliates, assignees, licensees, predecessors, and successors in interest; and (ii) MDOM and its employees, agents, attorneys, representatives, independent contractors, including but not limited to its MCOs and CCOs, affiliates, assignees, licensees, predecessors, successors in interest, insurers and sureties, from any and all claims, demands, complaints, damages, suits, debts, dues, sums, controversies, liens, accounts, obligations, costs, expenses, accounts, promises, indemnifications, causes of action or actions, losses, and liabilities of every kind and nature whatsoever, whether at law or in equity, whether now known or unknown, liquidated or unliquidated, direct or indirect, due or to become due, contingent or otherwise, suspected or unsuspected, which they now have or hold, or at any time heretofore ever had or held, that were raised or could have been raised in connection with or concurrently with the MDOM Motion and the Cross-Motion solely with respect to the Batesville Hospital, including, but not limited to, any claims of Progressive for unpaid MDOM Obligations relating to the Batesville Hospital and any claims of Progressive relating to any payments by MDOM allegedly due Progressive or allegedly owed, paid, or payable to the Batesville Hospital before April 1, 2019. Notwithstanding the foregoing, nothing set forth herein shall be deemed to release the Debtors from their obligations under the Progressive APA.

7. The Debtors shall not file a Plan or amend the Plan in a manner that is inconsistent with the terms and provisions of the Settlement Agreements, take any other action in the Chapter 11 Cases that is inconsistent with the terms and provisions of the Settlement Agreements, or propose terms for any order confirming the Plan that are inconsistent with these Settlement Agreements.

8. Governing Law; Venue. The Parties agree that this Settlement Agreement shall be governed by, and construed in accordance with, the substantive internal laws (as opposed to conflicts of law provisions) and decisions of the State of Mississippi and that any dispute arising from this Settlement Agreement or the Batesville APA must be heard in the Bankruptcy Court. Notwithstanding the language of this provision, after the above referenced payments are made, any future disputes not related to this Settlement Agreement between Progressive and MDOM arising out of Progressive's operation of the Batesville Hospital on or after April 1, 2019 shall be exclusively governed by the laws of the State of Mississippi and that the exclusive forum shall be the administrative process of MDOM and the appropriate state court located in Hinds County, Mississippi.

9. No Admission. The releases contemplated herein and payment of funds in relation thereto shall not in any way be construed as an admission by any party of any liability whatsoever, and the parties specifically disclaim any liability to or wrongdoing against any persons or entities, on the part of themselves, their estates, their employees, or their agents. Instead the consideration is exchanged in full compromise and settlement of any and all Batesville Hospital related claims of every nature, including but not limited to damages, attorneys' fees, costs, or expenses, which any of the parties may have now has or may hereafter have by reason of any and all breaches of contract, torts or other intentional or unintentional conduct, action, omission, employment, agreements, violation of common or statutory law or transactions involving or connected to the parties or any contract between or among the parties. It is expressly understood that the releases shall be a complete bar to all claims or suits for losses, injuries or damages of any nature which the Parties now have against the Released Parties or any one or more of them related to Batesville Hospital.

10. Integrated Settlement Agreement. This Settlement Agreement is a full and final integration and resolution of all prior discussions, negotiations, arrangements, relationships, agreements, commitments or contracts of any kind (express or implied, written or verbal) between the Parties and all such prior and any contemporaneous statements, commitments, writings, stipulations, contracts or instruments are superseded hereby and shall not survive the execution of this Settlement Agreement. This Settlement Agreement may only be amended by a written stipulation signed by both of the Parties and no waiver of any right, benefit or interest of a Party hereunder shall be binding unless the said waiver is in writing and signed by the Party charged with such waiver. Each Party hereby acknowledges and represents that, in entering into this Settlement Agreement, the Party has neither received nor relied upon any representations or promises made by the other Party, or the other Party's officers, directors, employees, agents, attorneys, or representatives, other than those representations and promises that are expressly set forth in writing in this Settlement Agreement. The making of any such representations or promises, other than those that are expressly set forth in writing in this Settlement Agreement, is specifically denied by any and all Parties.

11. Counterparts. This Settlement Agreement may be executed in electronic format and in one or more counterparts and when all Parties have executed a counterpart hereof, the said counterparts shall constitute a single, complete and binding contract and Settlement Agreement between the Parties.

12. Authorization. Each Party represents and warrants that the person signing this

Settlement Agreement on that Party's behalf is fully authorized to execute this Settlement Agreement on that Party's behalf and to bind them legally to the covenants and stipulations set forth herein. Each person signing this Settlement Agreement represents and warrants that he or she is fully authorized to execute this Settlement Agreement by the Party on whose behalf he or she is signing this Settlement Agreement.

13. No Agency. This Settlement Agreement is not intended, and shall not be construed, to create any relationship of employment, partnership, agency, affiliation, combination, or joint venture between the Parties.

14. EACH PARTY REPRESENTS, WARRANTS AND ACKNOWLEDGES THAT: (i) IT HAS REVIEWED ITS RECORDS, EVALUATED ITS POSITION AND CONDUCTED DUE DILIGENCE WITH REGARD TO ALL RIGHTS, CLAIMS, OR CAUSES OF ACTION WHATSOEVER WITH RESPECT TO THE OTHER PARTY AND/OR THIS SETTLEMENT AGREEMENT; (ii) IT HAS CONSULTED WITH OR HAS HAD THE OPPORTUNITY TO CONSULT WITH INDEPENDENT LEGAL COUNSEL OF ITS OWN CHOICE CONCERNING THIS SETTLEMENT AGREEMENT AND HAS BEEN ADVISED TO DO SO; AND (iii) IT HAS CAREFULLY READ THE FOREGOING, AND KNOWS AND UNDERSTANDS THE CONTENT AND MEANING OF ALL PROVISIONS IN THIS SETTLEMENT AGREEMENT, IS FULLY AWARE OF THE LEGAL EFFECT OF ALL PROVISIONS, AND HAS ENTERED INTO THIS SETTLEMENT AGREEMENT FREELY BASED ON ITS OWN JUDGMENT.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement to be effective as of the date first set forth above by and through their duly authorized representatives.

CURAE HEALTH, INC., ET AL.
DEBTORS AND DEBTORS-IN-
POSSESSION

By: _____
Name: _____
Title: _____

OFFICIAL COMMITTEE OF UNSECURED
CREDITORS

By: _____
Name: _____
Title: _____

MISSISSIPPI DIVISION OF MEDICAID

By: _____
Name: _____
Title: _____

PROGRESSIVE MEDICAL
MANAGEMENT OF BATESVILLE, LLC

By: _____
Name: _____
Title: _____